

ADMINISTRATIVE CONTROL BOARD (ACB) – WASATCH FRONT WASTE AND RECYCLING DISTRICT (WFWRD)
MONTHLY MEETING MINUTES

DATE/TIME	LOCATION	ATTENDEES
September 24, 2018 9:00 a.m. <hr/> Next Board Meeting October 22, 2018 9:00 a.m.	Public Works Building 604 W 6960 S Midvale, UT 84047	<u>Board Members:</u> Scott Bracken, Jim Bradley, Jim Brass, Brad Christopherson, Kay Dickerson, Steve Gunn, Dwight Marchant, Sherrie Ohrn, Ron Patrick, Brint Peel. Excused: Kelly Bush, Kris Nicholl, Robert Paine, Jenny Wilson <u>District Staff:</u> Anthony Adams, Craig Adams, Rachel Anderson, Rosemary Fasselin, David Ika, Cathy Jensen, Yael Johnson, Andrea Murdock, Pam Roberts, Ken Simin, Sione Tuione <u>Public:</u> Justin Edwards (Herriman City), Rick Graham (Salt Lake County)

AGENDA

Call to Order: Steve Gunn, Board Vice Chair

1. Consent Items: (Approval Requested)

1.1. August 27, 2018 Board Meeting Minutes (**Motion & Approve**)

2. Meeting Open for Public Comments: (Comments are limited to 3 minutes)

3. Business Items

3.1. Report on the 2018 Recycling Survey; Pam Roberts, Executive Director (**Informational**)

3.2. Requested Additions to the WFWRD Policy Manual, Section 9: Human Resource System; Pam Roberts and Andrea Murdock, Human Resources Manager (**Approval Requested**)

3.3. WFWRD Proposed 2019 Budget and Fee Schedule; Pam Roberts and Cathy Jensen, District Controller (**Informational/Direction**)

3.4. Follow-up Report on Sandy City’s Intent to De-Annex Properties in the Granite Area; Pam Roberts (**Informational**)

3.5. Follow-up Report on Herriman City’s Review of Services; Pam Roberts (**Informational**)

4. Closed Session (If Needed)

The Administrative Control Board may temporarily recess the meeting to convene in a closed session to discuss the character, professional competence, or physical or mental health of an individual, pending or reasonable imminent litigation, and the purchase, exchange, or lease of real property, or other legally applicable reasons as provided by Utah Code Annotated §52-4-205.

5. Other Board Business

This time is set aside to allow Board members to share and discuss topics.

6. Requested Items for the Next Board Meeting(s)

- Tentative Adoption of the 2019 Tentative Budget
- WFWRD 2018 Third Quarter Financial Report and Performance Goals
- Report on the Requests for Amending the Interlocal Agreement with Salt Lake County

TOPICS/ OBJECTIVES	KEY POINTS/ DECISIONS	ACTION ITEMS WHO – WHAT – BY WHEN	STATUS
1. Consent Items			
1.1 August 27, 2018 Board Meeting Minutes		Motion to Approve the Minutes by: Board Member Dickerson Seconded by: Board Member Christopherson Vote: All in favor (of Board Members present)	Approved September 24, 2018
2. Meeting Open for Public Comments	(Comments are limited to 3 minutes)		
	No public comments		
3. Business Items			
3.1. Report on the 2018 Recycling Survey; Pam Roberts, Executive Director (Informational)	<p>Pam reported that a survey was conducted at the end of August and beginning of this month. The purpose of the survey was to get input from our residents regarding the rising costs for recycling, and if we should continue the with the collection service. This information was obtained so that the Board could have information on customer preferences.</p> <p>We mailed out 10,000 postcards to random residents based on population size within each community and notified them that the survey was being conducted on-line through our website.</p> <p>We received over 6,000 responses for this survey, and this is the highest number of responses we have received for one of our surveys. The results are overwhelmingly in support of continuing recycling services – almost 80%. Board Chair Gunn stated his astonishment at the results of the survey and commented that it is encouraging. Board Member Bradley observed that those who support recycling are also very enthusiastic about recycling. Pam</p>		

<p>3.2 Requested Additions to the WFWRD Policy Manual, Section 9: Human Resource System; Pam Roberts and Andrea Murdock, Huma Resources Manager (Approval Requested)</p> <p>Policy 9.9.2: Annual Merit Salary Increases</p>	<p>confirmed that the support is rated higher than when we surveyed residents in 2011 to see if we should switch from bi-weekly recycling collections to weekly collections. She also added that no community had less than two-thirds support on the 2011 survey, and again on this survey.</p> <p>Board Member Marchant asked about the North County area. Pam confirmed that there are approximately 30 homes bordering North Salt Lake, which are still unincorporated and within the District service area. We have an Interlocal Agreement with Salt Lake City to provide services to those residents. Board Member Bracken asked if that was similar to the Southwest County. Pam confirmed that these are unincorporated homes west of Herriman City and we provide the collection services for this area.</p> <p>Board Chair Gunn asked about the calculations of the percentage of responses based on the number received. Pam clarified that it is reflective of the overall total number of responses rather than the number of community responses. Board Chair Gunn stated that it makes sense but seems misleading. He requested relabeling the header so that there is no confusion.</p> <p>Pam re-introduced Andrea Murdock, who is WFWRD’s new Human Resources Manager. Pam tasked Andrea to evaluate WFWRD’s HR Policies and Procedures and she has done an excellent job finding needed changes as we move forward.</p> <p>Pam stated that it was recently discovered that WFWRD has four employees who have gone above the maximum pay on the respective salary range for the Equipment Operator (Driver) category. She apologized to the Board for this oversight.</p>		
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She is proposing a change to our policies related to the annual merit/salary increases. We would still like to reward and recognize each employee who meets the defined expectations for their service and may be at the top of their salary range. We would also like to ensure that we retain career employees, so some sort of compensation is needed.

Andrea clarified the proposed changes to the policy, which would provide an annual merit increase to qualifying employees, based on performance. Those qualifying employees who have reached the maximum salary within their pay scale, would receive an annual one-time, lump sum payment in lieu of a salary increase. This payment could be added to their paycheck or be deposited into their retirement account.

Pam clarified that we will not be taking away from the four employees who have exceeded their salary cap. She added that our policy states that salary limits will have a 33% spread from midrange. Our range for Equipment Operator is actually smaller than this, and it only takes six to eight years to reach this maximum salary range, so we will work with our Compensation Consultant, Melissa Cotter, to review this.

Board Member Bradley inquired as to the amount of the lump sum award. Pam confirmed that we do not operate on a pay-for-performance method with a range of the amount an employee can earn pending their rating. The lump sum would equal the Board-approved salary increase percentages each year.

Board Chair Gunn proposed that this amount be clarified in the policy to avoid confusion. Board Member Bradley concurred. Board Member Bracken asked if this would include both the merit increase and the cost of living allowance (COLA). Pam confirmed it would include both increases. Board Member Christopherson specified that

Pam will work with WFWRD's legal counsel, Rachel Anderson, to ensure that the appropriate wording is included in this policy.

<p>Policy 9.34.4: Anti-bullying</p>	<p>this annual increase would be included in the annual budget that is approved by the Board.</p> <p>Board Member Ohrn stated that some employees would not want a lump sum, due to taxing purposes. She asked if there are other options. She also asked why we aren't working to simply increase the salary cap of these classifications. Pam confirmed that the salary ranges matched market salaries, but the Board certainly had the authority to adjust the salary limit. However, there would be a disparity issue if adjustments were made only for drivers and not for other classifications. Fairness and equity is a concern, but we can discuss options with our Compensation Consultant. Cathy added that there is a retirement factor in play. Retirement is at 18% of salary. If salaries increase, our financial liability also increases. If we cap our salaries and offer a lump sum, our liability is lower. Board Member Bracken also stated that if employees were concerned about a tax hit, they could always roll it into their retirement. Pam stated that we could also allot portions of this payment as desired by the employee. Board Member Bracken requested that this option be spelled out in the policy. Board Member Ohrn agreed to this action.</p> <p>Board Chair Gunn requested this policy be brought back to the Board next month after the requested changes have been made.</p> <p>Pam stated that we have been working to reduce risk, liability and improve safety. As a result, several ideas have surfaced on improving our policies. Many companies are adopting anti-bullying policies, and this would fit within our Standards of Conduct to ensure we are taking steps to ensure professionalism, respectful treatment and that our work environment is safe.</p> <p>Andrea reviewed the proposed anti-bullying policy to be adopted. Board Chair Gunn asked if this would include</p>	<p>Motion to Delay Approval of the Update to Policy 9.9.2 to Allow Requested Changes to Be Included: Board Vice Chair Peel Seconded by: Board Member Patrick Vote: All in favor (of Board Members present)</p>	
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<p>3.3 WFWRD Proposed 2019 Budget and Fee Schedule; Pam Roberts and Cathy Jensen, District Controller (Informational/Direction)</p>	<p>any sexual harassment incidents. Andrea stated that sexual harassment falls under a different policy with discrimination and EEO (Equal Employment Opportunity) laws.</p> <p>Board Member Ohrn stated that this policy is redundant and is already covered in policy 9.34.1, covering professional conduct. Pam clarified that 9.34.1 covers legally protected classification, and antibullying does not have a legal standing unless it is in an organization's policy. Andrea added that this policy highlights specific disrespectful behavior that could be considered as bullying. It also puts a specific label on bullying behavior. Board Vice Chair Peel agreed with Board Member Ohrn, but also recognized that this is a policy that is being adopted by many organizations.</p> <p>Rachel Anderson confirmed that the respectful conduct in 9.34.1 discusses legally protected classifications, and it could be interpreted that respectful conduct is only required within this context. Adding the anti-bullying policy does call out the behavior to those who are not otherwise federally protected and addresses the culture we want. Board Member Christopherson recognized that this gives management authority to discipline for behavior when there is not a protected class, and an additional tool for any possible countersuit. Board Member Ohrn restated her position that this policy is redundant and unnecessary.</p> <p>Board Members Christopherson and Bradley requested a slight rewording for flow. There should be a "to" added to the end of the first sentence to read: ...and makes it difficult for the person to complete their work.</p> <p>Pam expressed her gratitude for the great work of our Controller, Cathy, and the team for compiling the information for this proposed budget. She also recognized WFWRD's Operations Manager, David Ika, Andrea</p>	<p>Motion to Approve Update to Policy 9.34.4, with Requested Edit: Board Vice Chair Peel Seconded by: Board Member Patrick</p> <p>Vote: Yea: Bracken, Bradley, Brass, Christopherson, Dickerson, Gunn, Marchant, Patrick, Peel</p> <p>Vote: Nay: Ohrn</p>	
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Murdock, Sione Tuione, Larry Chipman and Yael Johnson in evaluating areas where we can improve and increase efficiencies. She also recognized our Fleet Manager, Andy King, who was instrumental in evaluating our fleet needs.

Pam identified goals she and the team used as the team developed the 2019 budget. She indicated that we want to sustain our competitive services through weekly collections. We also want to continue the Area Cleanup service, with the one container per seven homes ratio, since it is the most popular service we provide. She also highlighted our Leaf Bag Collection, Christmas Tree Collection, and Landfill Voucher programs, in addition to continuing our online bill pay and subscription programs.

Pam emphasized that we do not want to implement a fee increase going in to 2019, and we want to delay any fee increase as long as possible. She stated that even with the increased costs for recycling materials, WFWRD can sustain without a fee increase until 2022 if no other “surprises” come up.

We went out for proposal to obtain a better-quality collection truck and we accepted a qualifying proposal. Pam stated that WFWRD is on schedule to maintain our truck replacement schedule.

The compressed natural gas (CNG) tax credit has expired, so we will not receive any credits for our fleet, and our truck vendors will also not receive them. This means that the cost of the trucks increased approximately \$8,000 per truck. We will need to schedule a budget adjustment hearing, before the end of the year, to adjust for this increase. Cathy confirmed that we received the tax credit this year, but we will not receive anything going forward.

Pam reported that Utah Retirement Systems (URS) is not planning to increase their rates in 2019. Insurance rate

increases have not yet been finalized, but initial quote is around 9.5%. Board Member Bracken stated that this seems high. Pam indicated that we have a great negotiator and will be able to get a final determination in October. We are also proposing a 1% cost of living allowance (COLA) and 2% merit increase for employees, which is based on market through evaluation of 25 different Utah municipalities. Additionally, due to the efficient team work on our Carts Team, we will be eliminating a currently vacant position on that crew.

Our Customer Service Team, led by Yael Johnson who manages the team has implemented and tested a new online chat feature, on our website. It immediately became a popular option with customers. We currently have three accounts for chat personnel and we have budgeted for six total stations so that all of our Customer Services Team can participate in assisting customers in this manner. Board Member Bradley asked what types of questions are being asked on chat. Yael Johnson, Customer Service Manager, stated that the most frequent topics are changes of home ownership, missed collection notices, cart repairs, and navigating the website. She confirmed that it is a helpful tool with over 900 chats in a month. We are also seeing a reduction of incoming phone calls and email due to the chat option as well. Board Member Christopherson asked if we keep these chats. Yael confirmed that we do have all the records.

Pam stated that David Ika and Andy King have been evaluating our fleet needs. We currently have a used CNG truck out at auction. The truck has a smaller sized engine and has been sitting on the lot for months. In evaluating the growth within the District, it was decided an additional sideload truck was needed, so we will pull this truck off of auction and reintegrate it into our fleet. This will save the capital expense of a new truck. We are also budgeting \$10,000 for our aging dumpsters. Some of them are

	<p>beyond repairing and need to be replaced to keep up with Health Department regulations.</p> <p>We have a \$20,000 increase in information technology (IT) and telecommunication services from the County. This is the proposed amount, but it may come back lower based on County Council approval. Board Member Marchant observed that this was a large increase, and asked if this is competitive or if we have other vendor options. Pam stated that it has been competitive in the past, but it has been a while since we compared. One of the challenges is that we are on the County system, so all of the communication lines coming into the building belong to the County and a new vendor may need to run their own lines into the building, or we would lease the lines so there is a convenience factor involved as well. Pam confirmed that a larger cost increase, for IT, comes about every four years for system and equipment updates.</p> <p>Curbside collections have been separated by commodity group to increase efficiencies as of July. Separate trucks and drivers will be collecting each commodity separately, instead of a driver collecting one commodity, dumping it and then returning to collect the other commodity in the same neighborhood, which has been the method since 2014, but did not result in the efficiencies we expected. We also tried different options with the new routes in 2016, which also did not provide needed efficiencies.</p> <p>Pam announced that we received almost \$16,000 in revenue during the pilot program of collecting metal recycling in Area Cleanup, and we want to continue this program. This will not increase equipment costs because the equipment is already out and being used. An increased equipment cost would be with mattress collections, which we also want to continue, with a separate truck and trailer collecting them. Board Member Christopherson asked if the revenue outweighed the cost of metal collection. David Ika stated that it did outweigh the cost, but we only</p>	<p>Pam will look at IT options to compare costs</p>	
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collected 27 out of 110 days due to labor limitations. Pam also confirmed that the Transfer Station separates metals if they have the staff, and they will keep the revenue of metal recycling they receive. Pam added that there were new fees implemented in July. We are now being charged \$15 per refrigerator, as well as mattresses so we will manage those items in the Area Cleanup Program going forward.

Cathy indicated that our proposed 2019 budget is \$22,465,000. The proposed capital is \$2,008,000, which is keeping with what we previously projected with six sideload vehicles and two light duty vehicles. She pointed out that even though the bottom line has not significantly increased, there are major shifts within the different categories of programs in an effort to refine our cost accounting. There is a significant decrease in administrative services. This is primarily due to OPEB (other post-employment benefit) costs that will not be reflected next year.

90% of our revenue will be obtained through curbside collection fees. Diversity in revenue sources are continuing, including the metal recycling and looking at our trailer rental fee structure.

35% of our expenditures are for payroll and benefits. Board Member Bracken commented that this is very low for a government organization. Most governments are around 70%-80% for personnel expenses.

We don't have final liability insurance estimates, so this figure will change once we obtain that information. This also applies to the final OPEB numbers.

Cathy emphasized that these proposed cash projections reflect a snapshot in time. It is based on what we know now and will change as we get more data. We plan to hold fees stable in 2019 and then analyze for a projected fee

increase for 2022 with the Board's direction. This budget will be brought back at the October Board Meeting for approval. We will also hold a public hearing to amend the current budget to allow for increased capital expenditures. A public hearing will occur in November to adopt the budget.

Board Member Bradley asked for a review on procedures when we have extra funds at the end of the budget year, comparing the budget and the actuals. Cathy clarified that the budget is what we anticipate for expenses and revenue. The actuals are what we actually receive and spend. They are two separate "pots." Our fund reserves will increase if we do not spend everything that was budgeted.

Board Member Christopherson asked for verification that we are \$1.3 million underspent. Board Vice Chair Peel pointed out that we will need to address our cash reserves in the near future since the amounts decrease as we go. Cathy confirmed that we are aware that this fund is decreasing, but we do not want to have too much in reserves.

Board Member Christopherson asked if we move funds into capital accounts for depreciation. Cathy confirmed that we recognize the depreciation and expense the full amount of the capital costs, but it is all in one account. The depreciation is recognized in the balance sheet.

Board Member Bracken expressed his concern with the 9.5% increase in medical expenses, but recognized that we do not have final data on this. Cathy confirmed that we expect that figure to be lower. Board Member Bracken asked if we have time to rebid if we do not like the numbers that come in. Pam confirmed that we do not have enough time, but we could for next year.

3.4 Follow-up on Sandy City’s Intent to De-Annex Properties in the Granite Area; Pam Roberts **(Informational)**

Pam briefly reviewed the proposed plan to follow if Sandy City chooses to de-annex the 403 annexed homes from the District. That would leave 409 homes remaining in the unincorporated Granite community, which the District would still have responsibility for curbside collection services.

If these homes are de-annexed, it reduces our efficiencies for that community which exist on the fringe of our geographic boundaries. We are in discussions with Sandy City of the process of petitioning to the ACB to de-annex. The Board would then make a recommendation to Salt Lake County, for the final action. Pam indicated that her recommendation to the Board is to allow this de-annexation, with a caveat that there is language in the resolution indicating that allowing this de-annexation is an exception. We do not want other communities following suit and petitioning to de-annex from the District since it would erode our efficiencies and economies of scale.

For the remaining 409 homes, WFWRD could draft an Interlocal Agreement with Sandy City for them to provide curbside services to the homes which are still under WFWRD’s jurisdiction. Sandy City, and their contracted hauler, Waste Management, have stated their willingness to accept this agreement. This would mean that we would pay Sandy City for each home included in this agreement, limited to only garbage and recycling collection. We would still need to provide our other services, and although Sandy City has a matching curbside glass collection program, they do not have a curbside green waste program. Those de-annexed homes would lose that service.

Pam clarified that due to the costs, we would not want to deliver Area Cleanup containers to this remaining service area, but we would, instead, allow one free annual trailer rental for each residence as their Area Cleanup. This is a similar arrangement we have for the North Salt Lake

County area we cover, and the Interlocal Agreement with Salt Lake City for collections.

Board Vice Chair Peel requested clarification on the payment arrangement. Cathy clarified that we would still bill our customers in Granite our normal rate, but would pay Sandy City their collection rate – which is lower – and keep the balance to offset our costs for additional services to our customers in Granite. We don't yet have firm numbers from Sandy City because they are currently accepting bids due to increased recycling costs. Board Vice Chair Peel stated that we need to look at those numbers very closely because we could get a big hit with trailer reservations. In other areas there are fewer residents and this is a good program, but there could be an overwhelming demand in Granite. He suggested verbiage in the agreement that we will provide a maximum number of trailers to residents per year. Board Vice Chair Peel agreed. Pam confirmed that we will take a close look at this, but part of the services for our residents is the Area Cleanup Program, so she is hesitant to limit that access.

Board Member Christopherson asked if these residents want to be de-annexed. Pam stated that it is her understanding that most of the residents in the area voted to annex into Sandy so she anticipates the desire of the identified residents would be to de-annex. Rachel further explained that areas that are annexed into an incorporated city do not automatically leave their service districts, except for police and fire. For all other services, those residents must be allowed to de-annex from their service districts to obtain services from the city which annexed them.

Board Member Ohrm asked if it will be confusing to these residents to receive a bill from us, but receive service from another entity. Pam stated that it is likely, and we will need to provide a lot of education to these residents to explain the service process. She added that she will be

<p>3.5 Follow-up Report on Herriman City’s Review of Services; Pam Roberts (Informational)</p>	<p>meeting with the League of Unincorporated Community Councils (LUCC) tomorrow evening, and she will address this topic.</p> <p>Pam stated that Sandy City is would be ready to implement this change effective July 1, 2019. Between now and then, a petition should be submitted to this Board to request the de-annexation, and Pam will work closely with Sandy City with this process. Also, the terms of an Interlocal Agreement will need to be worked out. Board Member Bracken suggested a clause in the contract to allow the de-annexation of the remaining Granite properties should Sandy City incorporate those additional properties.</p> <p>Board Member Ohrm clarified that the reasoning behind the review of services was due to elected officials performing their due diligence to ensure the city is fiscally responsible and providing the best services for their community. Herriman City had not evaluated sanitation services in several years, so she asked their financial director, Alan Rae, to conduct a comparison. This was not a formal request for proposal but collecting information.</p> <p>Justin Edwards, with Herriman City, has been collecting the results. He stated that the services provided by WFWRD are wholly inclusive compared to what other vendors can provide, and costs are very comparable.</p> <p>Board Member Bracken clarified that none of the municipalities are in a contract with WFWRD, but it is validating to know that we are in line with the costs from other vendors. Rachel concurred that members of WFWRD cannot withdraw from the District without permission from Salt Lake County. Board Vice Chair Peel added that if there was some disparity, we would want to look at ourselves and find out why.</p>		
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	<p>Board Member Christopherson stated that the members of this District are in this as a group. If one of the municipalities were to leave, it would greatly impact the economies of scale built within the District.</p> <p>Board Member Ohrn expressed her confidence in this Board to ensure that services and costs are comparable to competitors and are the best for our customers.</p>		
4. Closed Session			
	No Closed Session		
5. Other Board Business			
	<p>Board Member Dickerson asked about Area Cleanup procedures, and the placement of containers on the street. Pam confirmed that we do have a system, and is greatly determined by where we can place the containers. David Ika confirmed that we always try to place the containers with the flow of traffic, and there are occasions when there are obstacles in the way which prevent us from placing where we'd like. Board Vice Chair Peel asked if WFWRD does a bi-annual cleanup. Pam confirmed that we are only able to service each community once per year. She further explained that we rotate where we start the Area Cleanup Program every year so that all communities eventually get the prime dates for collection, of fall and spring during the 5-year rotation.</p> <p>Board Vice Chair Peel asked if we have the dates for the Leaf Bag Collection Program set. Yael Johnson confirmed that the dates would be October 15th through November 30th. All information is online. Most communities have already received the leaf bags, and the remaining communities will receive them at the beginning of October.</p>		

6. Requested Items for the Board Meeting on October 22, 2018.			
	<ul style="list-style-type: none"> • Tentative Adoption of the 2019 Tentative Budget • WFWRD 2018 Third Quarter Financial Report and Performance Goals • Report on the Requests for Amending the Interlocal Agreement with Salt Lake County • Public Hearing for the 2018 Capital Budget Adjustment 		
ADJOURN		Motion to Adjourn: Board Member Christopherson Seconded by Board Vice Chair Peel Vote: All in favor (of Board Members present)	Approved September 24, 2018